



South Carolina Commission on Higher Education

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Mr. James Sanders
Mr. Hood Temple
Mr. Randy Thomas
Mr. Kenneth B. Wingate
Mr. Neal J. Workman, Jr.
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

October 26, 2007

TO: Mr. Daniel Ravenel, Chair, and Members of the Committee on Finance & Facilities

FROM: Mr. Gary S. Glenn, Acting Director of Finance, Facilities, & MIS

SUBJECT: Committee Meeting, November 2

A meeting of the Committee is scheduled to be held in Room 109 of the Lee Nursing Building at Francis Marion University at 9:30 a.m. on Friday, November 2. Attached are an agenda and materials for the meeting.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on November 2.

Enclosures

AGENDA
COMMITTEE ON FINANCE & FACILITIES
NOVEMBER 2, 2007
9:30 A.M.
ROOM 109, LEE NURSING BUILDING
FRANCIS MARION UNIVERSITY

1. Introductions
2. Minutes of October 4 Meeting
3. Interim Capital Projects
 - A. Medical University of South Carolina
 - i. Psychiatric Institute Second Floor Renovation
-establish project
 - ii. College of Dental Medicine
-increase budget
 - B. University of South Carolina Columbia
 - i. Sumwalt Trace Metals Laboratory Renovation
-establish project
 - ii. Patterson Hall Seismic Upgrades and Asbestos Abatement
-establish project
 - iii. Woodrow Roof Replacement and Exterior Repairs
-establish project
 - iv. Williams Brice Stadium Training Room Renovations
-establish project
 - v. Williams Brice Stadium Level 200 Renovation
-establish project
 - vi. Columbia Campus Utility Infrastructure Repairs
-establish project
 - C. University of South Carolina Beaufort
 - i. Science and Technology Building Second Floor Upfit
-establish project
4. Leases
 - A. Medical University of South Carolina
 - i. Roper Medical Office Building, Suites 120, 140; & 100, 170
-lease amendment
 - ii. Roper Medical Office Building, Suite 190
-lease amendment
5. Consideration of Revised Recommendations to Improve the Higher Education Facilities Approval Process
6. Proposed Regulation 62-1100: Free Tuition for Residents Sixty Years of Age
7. Other Business
8. Information Items
 - A. List of Staff Approvals for September 2007

MINUTES

**SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
COMMITTEE ON FINANCE AND FACILITIES**

OCTOBER 4, 2007

9:00 A.M.

CHE CONFERENCE ROOM

Committee Members Present

Dr. Doug Forbes
Dr. Louis Lynn
Mr. Daniel Ravenel
Mr. Jim Sanders

Col. Curt Holland
Mr. John Irion
Mr. Charles Jeffcoat
Mr. Scott Ludlow
Ms. Beth McInnis
Mr. Rick Puncke
Mr. Tom Quasney
Mr. Charles Shawver

Committee Members Absent

Mr. Ken Wingate
Mr. Neal Workman

Staff Present

Guests Present

Ms. Christine Smalls Brown
Dr. Kathy Coleman
Ms. Donna Collins
Mr. Al Cope
Dr. Anthony Coyne
Mr. Ron Fulmer

Ms. Camille Brown
Ms. Julie Carullo
Mr. Charlie FitzSimons
Mr. Gary Glenn
Ms. Alyson Goff
Ms. Nicole Rowland
Dr. Garrison Walters

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

I. **Introductions**

Mr. Ravenel called the meeting to order at 9:00 a.m. Ms. Goff introduced the guests in attendance.

The following matters were considered:

II. **Approval of Minutes of Meeting on September 5, 2007**

Since there were no additions or corrections to the Minutes of the meeting on September 5, it was moved (Sanders), seconded (Lynn), and voted to approve the Minutes as written.

III. Interim Capital Projects

The following projects were presented and discussed:

A.) Clemson University

- a) Kinard Laboratory – HVAC Renovation \$3,000,000 -increase budget

Mr. Glenn explained the project was to replace and expand the capacity of the air handler, install additional ductwork for better air distribution, and provide new controls in Kinard Hall.

Mr. Sanders asked for explanation of the budget increase and the name of the architectural and engineering firm (A&E) firm.

Dr. Kathy Coleman, from Clemson University, explained the project was originally established in spring 2005. During the design phase, it was determined the single air handling unit should be replaced. To minimize class and faculty displacement, the facility must be renovated in the summer. After the initial design work, it was then determined that a scope change was necessary to place one air handling unit on each floor. By having a unit on each floor, the work could be done one floor at a time, minimizing disruption of the building. The budget was increased because the two bids received were 25 percent over budget. Dr. Coleman also noted the University had to postpone the project until summer 2008 since the budget increase had to be approved by CHE, the Joint Bond Review Committee and the Budget & Control Board. The A&E firm was identified as Davis & Floyd.

Mr. Charles Shawver stated for the past few years, the University had requested capital improvement bond funding to start addressing indoor air quality. However, the state has not authorized a bond bill since 2000, so the University has been using their own funds to address the problem.

Mr. Sanders reemphasized his concerns about furthering the Commission's recommendations for improving the facilities approval. He stated there needed to be common support for changing the procurement process.

It was moved (Lynn), seconded (Sanders), and voted to approve the project.

B.) University of South Carolina

- a) Baseball Stadium Construction \$7,600,000 -increase budget

Mr. Glenn stated the project had experienced problems due to increased excavation costs and additional costs associated with underground utilities.

Mr. Sanders asked if soil borings had been performed. Mr. Charles Jeffcoat, from USC Columbia, answered that 80-100 were performed and rock was indicated. The plan was to blast

and remove, but it was discovered the rocks were actually boulders which had to be dug up and hauled away. Mr. Sanders asked who the A&E firm was. Mr. Jeffcoat answered it was Kirk Davis & Associates of Columbia. He also stated the budget increase included increasing the contingency for inflation. Mr. Sanders asked how the project was being financed. Mr. Jeffcoat stated that the majority is from athletic bond anticipation notes with other funds from institutional and private sources .

It was moved (Lynn), seconded (Forbes), and voted to approve the project.

C.) University of South Carolina Upstate

- | | | |
|-------------------------------|--------------|-----------------------------------|
| a) Residence Hall Acquisition | \$13,000,000 | -increase budget,
revise scope |
|-------------------------------|--------------|-----------------------------------|

Dr. Lynn asked why the institution was purchasing the Palmetto House if it was already owned by the foundation. Mr. Rick Puncke, from USC Upstate, stated the University currently leases this facility from the foundation, and the institution operates and maintains the facility. He stated ownership will allow the University to integrate the operations and maintenance for a more cost-effective housing operation. Mr. Ravenel stated that transferring the property to the state will not only allow for more efficient management but will free up the borrowing capacity of the foundation.

It was moved (Forbes), seconded (Sanders), and voted to approve the project.

IV. Report on the Assessment of SC Higher Education Facilities Conditions & Measuring Deferred Maintenance

Mr. Glenn presented the report for discussion and explained how it was developed. The report was discussed in a roundtable format. Ms. Goff explained the institutions completed condition surveys on educational and general facilities in the spring, which was used to identify deferred maintenance needs in of the public institutions in South Carolina. The report identified a backlog of \$797 million with an annual need of \$136 million for maintenance. Institutions were required to submit annual plans to identify ways to reduce the backlog. No vote was needed, but the recommendations outlined in the report were emphasized by Mr. Ravenel. *(Note: A revised report was handed out which is included on file with these minutes.)*

V. Other Business

There was no other business presented.

VI. Information Items

The SC Manufacturing Extension Partnership (SCMEP) FY2007-08 budget, membership, and other information was presented for review as required by statute.

The list of staff approvals for September 2007 was presented for information.

With no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Nicole J. Rowland".

Nicole J. Rowland
Recorder

**Attachments are not included in this mailing but will be filed with the permanent record of these minutes and are available for review upon request.*

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

November 2, 2007

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: Psychiatric Institute Second Floor Renovation
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$900,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$86,000	\$86,000
Interior Building Renovations (9,000 SF)		\$740,000	\$740,000
Contingency		\$74,000	\$74,000
<i>Total</i>	<i>\$0</i>	<i>\$900,000</i>	<i>\$900,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Indirect Cost Fund		\$900,000	\$900,000

DESCRIPTION:

The University requests to establish a project to renovate the second floor of the Psychiatric Institute to facilitate moving the National Crime Victims Center from the Bank Building which is planned for demolition upon vacation.

The second floor is 10,627 SF of which approximately 9,000 SF will be renovated as a part of the project. Interior walls and ceilings will be demolished, and the space will be reconfigured to support the patient and academic programmatic needs of the center. Minor revisions of the existing local HVAC system are also included in the scope. A central core area including restrooms, stairwells, elevators, mechanical chases, and storage of approximately 1,600 SF will remain as is. The renovation cost per square foot is \$82.22.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – The project is to reconfigure the space for the proposed use.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: School of Dental Medicine New Construction
REQUESTED ACTION: Increase Budget
REQUESTED ACTION AMOUNT: \$10,000,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$5,200,000	\$5,200,000	
Equipment and/or Materials	\$200,000	\$10,200,000	\$10,000,000
Site Development	\$500,000	\$500,000	
New Construction (107,000 SF)	\$42,150,000	\$42,150,000	
Other (Administrative Fees)	\$150,000	\$150,000	
Contingency	\$3,000,000	\$3,000,000	
Total	\$51,000,000	\$61,000,000	\$10,000,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Institution Bonds Anticipation Notes	\$30,000,000	\$30,000,000	
MUSC Foundation	\$200,000	\$10,200,000	\$10,000,000
Capital Improvement Bonds	\$6,300,000	\$6,300,000	
FY2006-07 appropriations	\$7,500,000	\$7,500,000	
FY2007-08 appropriations	\$7,000,000	\$7,000,000	
Total	\$51,000,000	\$61,000,000	\$10,000,000

DESCRIPTION:

The University requests to increase the project budget to address the difference between pre-bid estimates for construction and equipment and actual costs. The construction of a 107,000 SF facility for the College of Dental Medicine is underway, and the building is slated for completion in August 2009.

The low bid for construction was \$8 million more than the pre-bid estimate but still within the overall project budget. In order to move forward with construction, the \$8 million previously allocated for equipment was committed to construction. The most recent quotes for equipment total \$10 million. The equipment will be purchased with private donations but is included in the overall project budget per state requirements. A guarantee letter for the private funds is on file at CHE.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Utilities and maintenance will require additional operating costs ranging between \$1,200,000 and \$1,300,000 in the three years following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Sumwalt Trace Metals Laboratory Renovation
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,000,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$76,900	\$76,900
Interior Building Renovations (1,250 SF)		\$812,000	\$812,000
Contingency		\$111,100	\$111,100
<i>Total</i>		<i>\$1,000,000</i>	<i>\$1,000,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Institutional Funds		\$1,000,000	\$1,000,000

DESCRIPTION:

The University requests to establish a project to renovate approximately 1,250 SF of space on the third floor of Sumwalt College to provide a new laboratory, clean room, and associated office space for faculty and graduate students in the Department of Geological Sciences and the Marine Science program. The scope includes demolition of existing space, construction of new walls, new interior finishes, and installation of frame hoods and HVAC for the clean room. The renovation cost per square foot is \$649.60. The institution associates the expensive renovation costs with the complex mechanical requirements for the laboratory, small area affected, and the challenges of constructing a laboratory and clean room on the third floor of an occupied building. Cost estimates were obtained from consultants who met with the requesting academic department to determine needs.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – The project is to reconfigure the space for the proposed use.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Patterson Hall Seismic Upgrades & Asbestos Abatements
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,000,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$650,000	\$650,000
Interior Building Renovations (155,000 SF)		\$3,550,000	\$3,550,000
Total		\$4,200,000	\$4,200,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Housing Maintenance Reserve		\$4,200,000	\$4,200,000

DESCRIPTION:

The University requests to establish a project to complete the initial phase of seismic upgrades and asbestos abatement for Patterson Hall, an all-female residence facility. The scope addresses seismic upgrades, and includes installation of poured-in-place concrete shear walls and new foundations for the walls through the basement level. The upgrade is required to meet code requirements for future proposed renovations to the first floor. Upgrades of the upper levels will be addressed in future projects.

Asbestos abatement will include removal of sprayed-on-ceiling texture on floors two through nine. The work is necessary to prepare for future installation of a sprinkler system and to improve the current fire alarm system. The project will also include painting of the ceiling deck, installation of new ceilings in corridors, and replacement of existing lighting. The renovation cost per square foot is \$22.90.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Woodrow Roof Replacement & Exterior Repairs
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,200,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$25,000	\$25,000
Roofing		\$1,075,000	\$1,075,000
Contingency		\$100,000	\$100,000
Total		\$1,200,000	\$1,200,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Housing Maintenance Reserve		\$1,200,000	\$1,200,000

DESCRIPTION:

The University requests to establish a project to replace the existing slate roof on Woodrow College, a residential facility. The project is required to address deferred maintenance items on the exterior of the building to protect integrity of the building envelope.

The scope includes replacement of associated underlayment, copper flashing, gutters, and downspouts. Safety cables will be installed. Some exterior repairs to the building envelope will be included to address immediate maintenance needs. These include repairs to exterior stucco, fascia, soffit, and some windows and window sills. In addition, minor structural repairs will be made to shore up roof hip and valley beams on the east and west ends of the building.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Williams Brice Stadium Training Room Renovations
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,400,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$170,000	\$170,000
Equipment		\$300,000	\$300,000
Interior Building Renovations (7,000 SF)		\$1,500,000	\$1,500,000
Contingency		\$430,000	\$430,000
Total		\$2,400,000	\$2,400,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Athletic Revenue		\$2,400,000	\$2,400,000

DESCRIPTION:

The University requests to establish a project to renovate approximately 7,000 SF on the west side, ground level of Williams Brice Stadium to create a new training room. The project is to upgrade existing facilities to provide an improved training room and equipment to meet the needs of the athletics program.

The scope includes demolition of walls, ceiling, HVAC grills and ductwork, and a large area of concrete slab to prepare for installation of three hydro-therapy pools. New walls will be constructed to create procedure rooms, a hydro-therapy room, and a rest room. New finishes will be installed as required to support the renovated space. The renovation cost per square foot is \$214.29. The institution associates these costs with the extensive plumbing modifications necessary for the installation of hydrotherapy pools and the installation of a new HVAC system. The institution included a high contingency due to the uncertainty of the extent of work required to accomplish the necessary plumbing requirements, including potential structural modifications needed to install specialized equipment. The project will have a very tight construction schedule which also affects costs.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Williams Brice Stadium Level 200 Renovations
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,950,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$189,000	\$189,000
Interior Building Renovations (6,600 SF)		\$1,575,000	\$1,575,000
Contingency		\$186,000	\$186,000
<i>Total</i>		<i>\$1,950,000</i>	<i>\$1,950,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Athletic Revenue		\$1,950,000	\$1,950,000

DESCRIPTION:

The University requests to establish a project to renovate four sections (201,202,208,209) at Williams Brice Stadium to add additional club seating. The project will provide additional premium seating at the stadium to meet market demand and will increase potential for generation of additional revenue.

Existing concession stands will be demolished and existing finishes and fixtures in the toilet areas will be removed. A new glass wall will enclose the old concession area to provide a private club area. The new club area will require new mechanical and electrical systems. The project will also include upgraded finishes (stained wood, porcelain tile, and carpet), a new HVAC system, and lighting. Toilet renovations will include the installation of new tile, fixtures, and ceiling. The renovation cost per square foot is \$238.64. The institution associates these costs with the unique construction requirements as well as a challenging construction schedule.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA**PROJECT NAME:** Utility Infrastructure Repairs**REQUESTED ACTION:** Establish Project**REQUESTED ACTION AMOUNT:** \$1,500,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees		\$120,000	\$120,000
Utilities Renovations		\$1,200,000	\$1,200,000
Contingency		\$180,000	\$180,000
<i>Total</i>		<i>\$1,500,000</i>	<i>\$1,500,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Institutional		\$1,500,000	\$1,500,000

DESCRIPTION:

The University requests to establish a project to address replacement of existing and failed direct buried condensate and steam lines on the campus. The repairs/replacements are needed to ensure dependable, safe, and efficient supply of steam and condensate infrastructure to facilities on campus.

Approximately 1,160 linear feet of piping is to be replaced from the Thomas Cooper Library through the west area of Davis Field and back to the Russell House. The existing triple-lid manhole on the west side of the library will be rebuilt to correct steam and condensate leak problems. Approximately 800 linear feet of steam and condensate piping from Main Street, east to Sumter Street, and then back to the steam manhole behind the Health Sciences Building is scheduled to be replaced. Lastly, the steam and condensate service from Sumter Street to Longstreet Theatre, which is approximately 30 linear feet of line, will be replaced. The project will include design and site restoration.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Infrastructure

ANNUAL OPERATING COSTS/SAVINGS:

While not quantifiable, the institution anticipates some operating savings following completion of the project.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT**PROJECT NAME:** Science & Technology Building Second Floor Upfit**REQUESTED ACTION:** Establish Project**REQUESTED ACTION AMOUNT:** \$3,272,000

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Services Fees		\$155,000	\$155,000
Interior Building Renovations (21,097)		\$2,050,000	\$2,050,000
Equipment and/or Materials		\$812,000	\$812,000
Builders Risk Insurance		\$5,000	\$5,000
Contingency		\$250,000	\$250,000
<i>Total</i>		<i>\$3,272,000</i>	<i>\$3,272,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Institutional Funds		\$3,117,000	\$3,117,000
A&E Gift of Services		\$155,000	\$155,000

DESCRIPTION:

The University requests to establish a project to upfit the second floor of the Science and Technology Building on the South campus. The project will provide academic space for the new Department of Nursing program. First-year nursing students were enrolled this fall, and the classrooms and laboratory areas will be needed in spring 2009.

The construction of the two-story building was financed by Beaufort County with the interior to be completed by the institution. The building was completed in 2005 and finished on the first floor only. This project will complete the second floor which will double the usable floor space to 42,194 SF. The scope will include new interior partitions and doors, electrical lighting and power, HVAC, plumbing, casework, acoustical ceiling, and room finishes. The design for the project is to be procured by the Beaufort Jasper County Higher Education Commission and donated to the institution as a gift of services.

The project was included on the statewide priority list for capital improvement bonds approved by the Commission as a part of the FY2008-09 budget request. Accordingly, the project will be removed from the list as the budget process moves forward.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – The project is to upfit shell space.

ANNUAL OPERATING COSTS/SAVINGS:

Utilities and maintenance supplies will require additional operating costs of \$72,000 in the three years following project completion. The costs will be absorbed into the existing budget.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

DESCRIPTION OF LEASES FOR CONSIDERATION

November 2, 2007

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: Roper Medical Office Building, Suites 120, 140; & 100, 170
REQUESTED ACTION: Lease Amendment
REQUESTED ACTION AMOUNT: \$852,885

DESCRIPTION:

The University requests approval to amend the current lease for 2,681 SF of office space in Suites 120 and 140 in the Roper Medical Office Building at 125 Doughty Street to allow for additional space and an extended term. The purpose of the lease is to house the Clinical and Translational Service Award (CTSA) program headquarters and the Coordinating Center for the University. An additional 4,211 SF of office space consisting of Suites 100 and 170 is needed to obtain and support a \$6 million NIH grant for the CTSA program.

The monthly rental rate will be \$14,215, resulting in an annual cost of \$170,577. The requested lease term is five years with a total lease cost of \$852,885. The per square foot rate is \$24.75.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: Roper Medical Office Building, Suite 190
REQUESTED ACTION: Lease Amendment
REQUESTED ACTION AMOUNT: \$528,536

DESCRIPTION:

The University requests approval to amend the current lease for 4,271 SF of office space in Suite 190 in the Roper Medical Office Building at 125 Doughty Street to allow for an extended term. The purpose of the lease is to house the Clinical and Translational Service Award (CTSA) program headquarters and the Coordinating Center for the University.

The monthly rental rate will be \$8,809, resulting in an annual cost of \$105,707. The requested lease term is five years with a total lease cost of \$528,536. The per square foot rate is \$24.75.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

**REVISED RECOMMENDATIONS FOR
IMPROVING THE HIGHER EDUCATION FACILITIES APPROVAL PROCESS**

BACKGROUND

In March 2006, the CHE Finance & Facilities Committee discussed a number of concerns about the length of time required for the approval of capital projects. The current approval process requires a significant amount of time between project planning and delivery of construction. The Committee believes that if the timeframe were shortened, it would allow the institutions to reduce cost increases caused by these inherent delays. In May 2006, the Finance & Facilities Committee appointed a subcommittee to review the higher education facilities approval process.

The goal of the subcommittee was to examine ways to make the approval process more efficient. The subcommittee met four times to identify and clarify issues and to develop appropriate recommendations. The subcommittee received input and advice from Interim State Engineer Allen Carter and several institutional facilities representatives. The Commission on Higher Education approved the recommendations on August 2, 2006.

Since the Commission's original approval, CHE staff has worked with institutional facilities representatives, legislative staff, Joint Bond Review Committee (JBRC) and Budget & Control Board (B&CB) staff to determine ways to implement the recommendations. Significant progress has been made, and the approving entities have recognized delays in the process which result in increased costs to the state.

The Facilities Advisory Committee reviewed and approved the revised recommendations on October 24, 2007.

RECOMMENDATION

Staff recommends a revised set of recommendations to reflect the progress made. The proposed changes are presented below with the original recommendation, the suggested change, and rationale.

**Commission on Higher Education Revised Recommendations
for Improving the Higher Education Facilities Approval Process**

Overall Objectives: *To improve State planning, streamline the State-approval process, improve institutional planning, and establish an effective alternative delivery system.*

<u>Original Recommendation</u>	<u>Proposed Action</u>	<u>Rationale</u>
1.) The State's Comprehensive Permanent Improvement Plan (CPIP) process should be made meaningful.	Carry Forward	Meetings with institutional representatives confirm the continued need for this recommendation.
2.) Eliminate the project approval requirement for routine repair, maintenance, and replacement of building systems provided the Office of State Engineer and State Procurement requirements remain intact.	REVISE: Define permanent improvement projects as those with a value of greater than \$1 million. Institutions would be required to submit a quarterly report to the appropriate entities which identifies completed projects with a total cost between \$500,000 and \$1 million.	The majority of projects meeting this criterion are routine repair, replacement, and maintenance. <u>Since 2005, 223 projects were closed with budgets of \$1 million or less – 157 (70%) of which were routine maintenance.</u>
3.) Adopt code changes allowing institutions to conduct feasibility/planning studies up to and including design development without requiring State-level approvals to plan.	Carry Forward	Meetings with institutional representatives confirm the continued need for this recommendation.
4.) Eliminate the duplication of forms to the Office of State Budget for capital projects through both the CPIP and its "Detailed Justification for Capital Budget Priorities" portion of the annual State Budget Request.	Defer	In light of the current work of the legislatively-mandated Higher Education Study Committee, staff believes this recommendation should be put on hold until the work of this group is completed.
5.) Require each higher education institution to develop and submit for CHE approval a funding plan to bring its deferred maintenance to an acceptable level.	Delete - Accomplished	The Commission adopted a policy in May 2007 to implement this recommendation. Institutions submitted their plans in August 2007, and the information was used to complete the October 2007 report, <i>An Assessment of Higher Education Facilities Conditions & Measuring Deferred Maintenance</i> . CHE staff will continue to work with institutional facilities offices to develop parameters to measure infrastructure needs.

<u>Original Recommendation</u>	<u>Proposed Action</u>	<u>Rationale</u>
6.) The Governor, in consultation with Senate and House leadership, should appoint a Blue Ribbon Committee to study and provide recommendations to enable South Carolina to implement an effective alternative construction delivery system – such as design build, Construction Management at Risk, Construction Management/General Contracting – for State agencies. The Blue Ribbon Committee should complete its report no later than March 1, 2007.	Delete - Accomplished	During the 2007 legislative session, Senate Bill 282 was introduced to clarify the use of alternative delivery methods thereby making it easier for institutions and other state agencies to utilize methods such as design build and Construction Management at Risk. The bill's conference committee report was completed at the end of the legislative session but did not reach the chamber floors. The Senate and House are expected to consider the report in January 2008 when the General Assembly reconvenes.
	ADD: Provide flexibility up to 20% within permanent improvement project budgets for budget increases only prior to additional approval by the required State entities. Institutions would be required to submit a quarterly report to the appropriate entities which identifies projects in which the budgets were increased using this flexibility.	Discussions with Budget & Control Board staff and institutional staffs have illustrated the benefit of providing this flexibility. The uncontrollable and often volatile construction market has required institutions to request budget increases – many of which require review and approval of all State-approving entities. A percentage or dollar maximum increase would allow institutions to make the necessary budget changes more quickly thereby saving the state time and money. <u>Since 2004, 70 project budgets have been increased by 20 percent or less.</u>

INFORMATION ITEM

PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF						
September 2007						
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
9/5/2007	9881	Horry Georgetown TC	Allied Health Wing Construction - Georgetown Campus	increase budget	\$295,090	\$2,300,000
9/5/2007	9930	Horry Georgetown TC	Georgetown Building 100 Roofing Renovation	increase budget, change source of funds (from local to RUIB)	\$12,975	\$227,850
9/12/2007	NEW	Orangeburg-Calhoun TC	Fountain	establish project	\$0	\$90,000
9/20/2007	9998	University of South Carolina	Energy Performance Contract Implementation - Phase I & II	change source of funds (from institutional to State Treasurer's Master Lease)	\$0	\$56,405,160